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SUBJECT Spies in the GAO

DAN RATHER: According to the Justice Department, there are more Soviet and Eastern Bloc spies operating in the United States now than ever before. As Mike Wallace has discovered, one such Soviet spy has turned up in a most unlikely place.

MIKE WALLACE: The General Accounting Office is the investigative arm of the Congress, and in that role it has access to certain classified information involving, among other things, weapons systems and the readiness of various units of our armed forces. Sensitive information, obviously.

In January of 1979 it came to the attention of a clerk at the GAO that a Russian naval attache had come into the building to ask for classified information that had not yet been officially published. A GAO investigator, Ralph Sherer, was assigned the task of finding out more. And what he found out became a source of dismay and embarrassment at the GAO.

Mr. Sherer, just what is it that you charge has taken place at the General Accounting Office?

RALPH SHERER: It's a Soviet penetration of the GAO. In fact, Mike, January 1979, a Soviet intelligence officer went to GAO, requested a number of classified reports that hadn't been printed or issued. A subsequent counterintelligence investigation that myself and an FBI agent conducted clearly indicated, because of a subsequent visit, that this individual, in fact, had a source within the GAO providing him with those numbers and, quite probably, classified reports, in addition to those he's getting across the counter.

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WALLACE: The name of this Soviet agent?

SHERER: Vladimir Kavosov (?).

WALLACE: Vladimir Kavosov, Soviet naval attache, and, it turned out, a KGB agent.

Senator Orrin Hatch of Utah has closely followed Ralph Sherer's investigation, and he believes Sherer's report is accurate.

SENATOR ORRIN HATCH: Mr. Sherer is right.

WALLACE: Ralph Sherer is...

SENATOR HATCH: That's right -- that they -- that he at least obtained five basic classified reports, or secret reports. And I happen to know that the Russians have many pieces of many mosaics, and they have a tremendous ability, as do others in the intelligence community for other nations in this world, to be able to put things together, to make these documents extremely important to them.

You know, this one has to do with Marine amphibious forces, a look at their readiness, role and mission. It's my understanding that Kavosov actually got a classified version of that.

Here's another one on the readiness of U.S. air forces in Europe, selected aspects and issues. It's my understanding Kavosov got a classified version of that.

These are important things. This isn't something that you just look at and say, "Oh, my goodness. This is just another report by the government." These are important.

WALLACE: Roger Young, FBI spokesman, told us yesterday that the Sherer allegations and Senator Hatch's confirmation of them was considered crucial new information by top officials at the FBI. But today Young amended that to say the FBI is now not sure this is new information, but what Sherer and Senator Hatch have turned up can be subject to different interpretations from the conclusions Hatch and Sherer have reached.

But Senator William Roth of the Senate Select Committee on Intelligence is calling for an investigation of lax security measures at the GAO. He is angered by the fact that his Senate committee heard nothing of these allegations until almost three years after they had surfaced at the GAO.

We'll have more details next week.